

Indiana

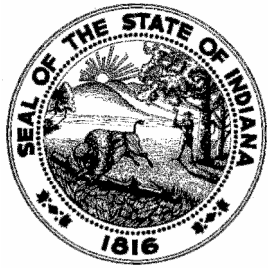
Department of Local Government Finance



Committed to a fair and equitable property tax system for Hoosier taxpayers.

County Auditor's Conference

May 2007



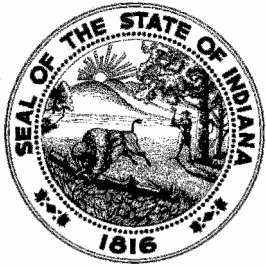
Agenda

Budget orders

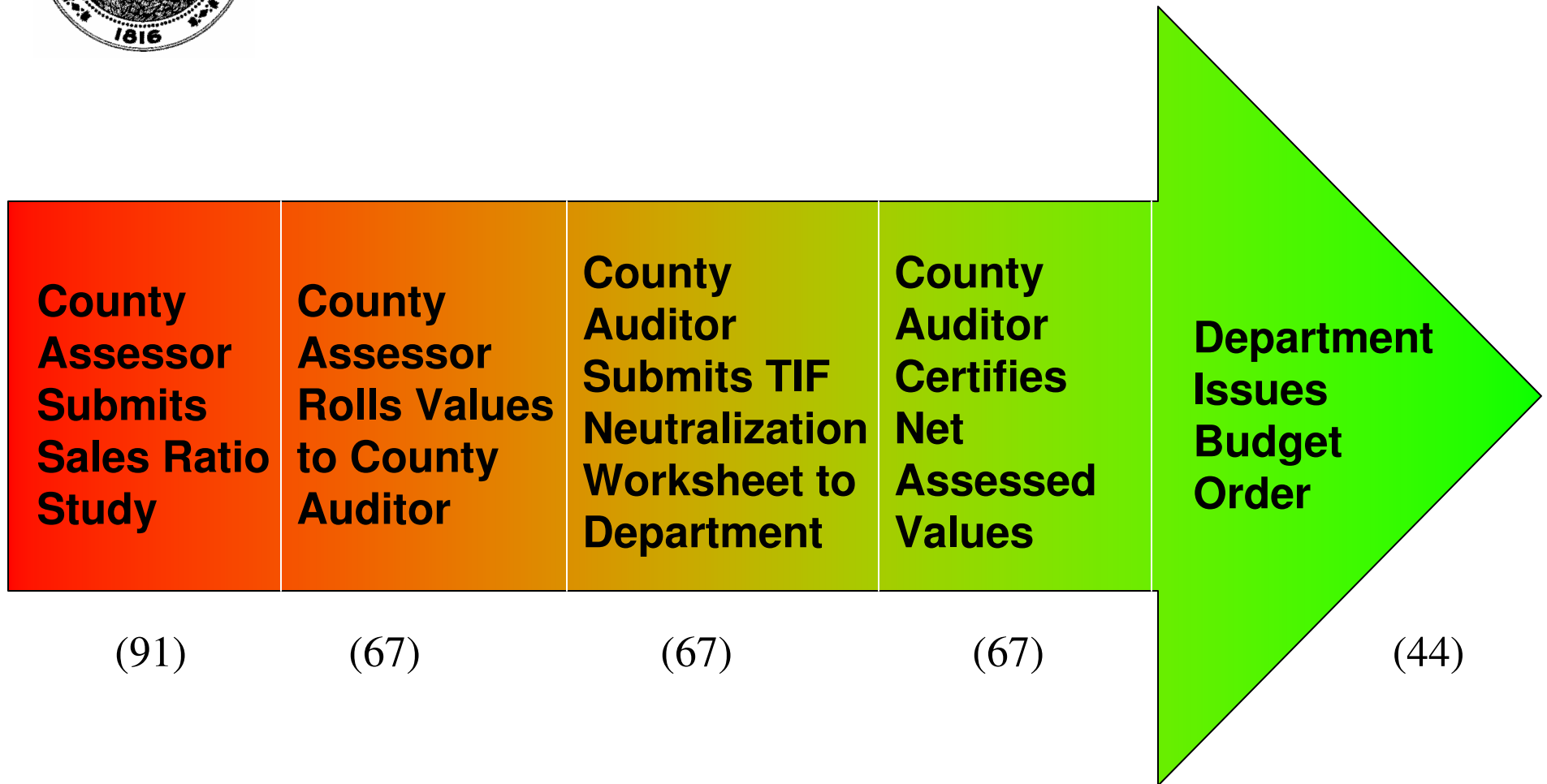
Annual Adjustment Update

Legislation

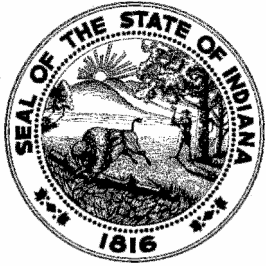
Contacts



2007 Certification Process

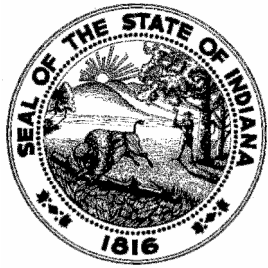


- Department tracking map can be found online at: www.in.gov/dlgf



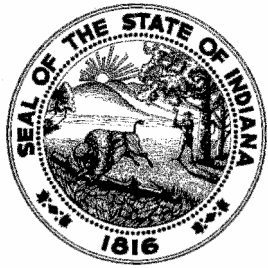
Trending

- Two counties left:
 - Brown and Crawford
- 2006 Ratio Study Re-cap Memo
 - Relays DLGF expectations for 2007
 - Provides an overview of common problems with 2006 information



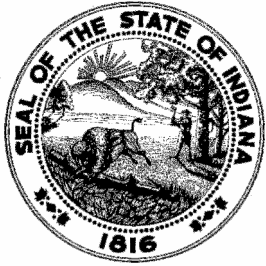
HEA 1001

- Provides \$300m refund on 07 property taxes for homesteads
- Provides \$250m for additional homestead credits in 2008
- Provides \$200k for a circuit breaker appeal board



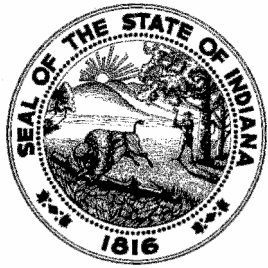
HEA 1001

- Allows cities, towns and counties to issue bonds, notes or other obligations to meet pension obligations under IC 36-8-6 (1925 police); IC 36-8-7 (1937 fire fighters) and IC 36-8-7.5 (1953 police-Indy)
 - 40 year term
 - Limited to 2% of TTV
 - Deposited into a county's or municipality's separate account under IC 5-10.3-11-6 (pensions)



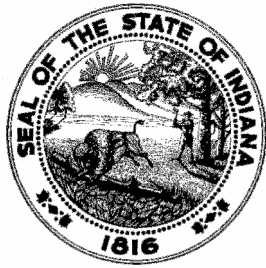
HEA 1001

- Changes the expiration date for the investment deduction to real or personal property first assessed after March 1, 2005 and before March 2, 2007;
- Modifies the ptrc distribution schedule for 2008 and 2009;



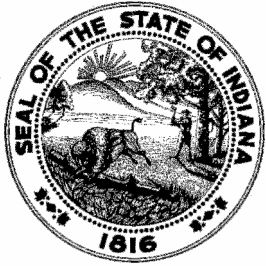
HEA1001

- Homestead refund
 - Discussed separately
 - Refund check for 06p07
 - Adjusted HS rate for 07p08



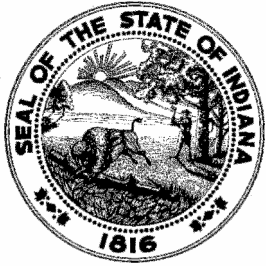
SEA 287

- IC 3-8-1-23, eff. 1/1/08; candidate for the office of county assessor who runs in an election after June 30, 2008 must have attained LII certification.
- IC 3-8-1-23.5, eff. 1/1/08; candidate for township assessor or township trustee/assessor, who runs in an election after June 30, 2008, must obtain LII before taking office. (restriction applies whole term of office regardless of whether or not the person obtains certification)
- IC 6-1.1-1-24, eff. 1/01/08, if a person runs for office as township assessor or trustee assessor and does not obtain Level II certification before taking office, the person may not perform real property assessment duties.



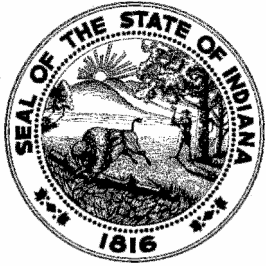
SEA287

- IC 6-1.1-3-10, eff. 1/1/08;
 - Provides if a taxpayer holds, possesses or controls personal property in 2 or more taxing districts in the same township, the taxpayer shall file a separate return covering the property in each taxing district.
 - Provides if a taxpayer owns, controls, or possesses personal property located in 2 or more townships, the taxpayer files additional returns with the county assessor.
- IC 6-1.1-3-18, eff. 1/1/08; moves personal property audit function to the county assessor
- IC 6-1.1-4-11, eff. 1/1/08; moves review and approval of disaster petitions to the county assessor



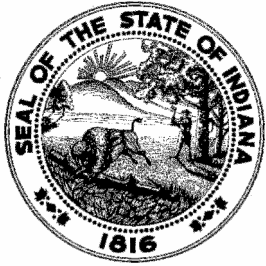
SEA287

- IC6-1.1-4-27.5. eff/ 1/1/08; allows county or township assessor to petition for increase in levy for verification of sales disclosure forms;
- IC 6-1.1-4-28.5, eff. 1/1/08; allows reassessment fund money to be used for verification of sales disclosure forms;



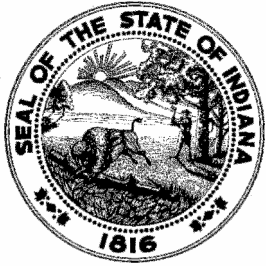
SEA287

- IC 6-1.1-5.5-3, eff. 07/01/07 sales disclosure forms (SDF)
 - Before filing with the auditor, the county assessor reviews the form for accuracy and completeness, stamps the form as eligible for filing and returns it to the appropriate party for filing.
 - Multiple SDF filed, county assessor shall process as quickly as possible;



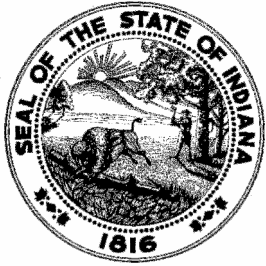
SEA287

- Sales disclosure forms (SDF)
 - Accurate and complete, if the county assessor does not have substantial evidence that information is inaccurate; the forms substantially conforms to DLGF prescribed form; and is submitted to the county assessor in a format usable by the assessor;
 - County assessor and other local officials may NOT establish procedures or requirements for the SDF that substantially differ from procedures and requirements in statute;
 - Non-code provision Establishes interim study committee to look at SDF process;



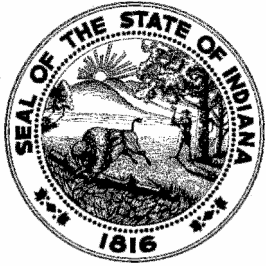
SEA287

- IC 6-1.1-8.7-3, eff. 7/1/07, allows the county assessor to petition the DLGF before January 1, for assessment of real property of an industrial property;
- IC 6-1.1-11-3, eff. 1/1/07, allows exemption forms to be filed on or before May 15;



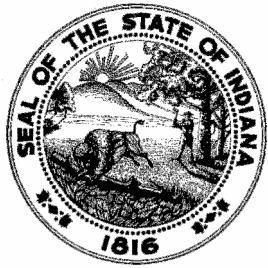
SEA287

- Deduction assessed value limit changes eff. 3/1/07:
 - IC 6-1.1-12-9, Over 65, \$182,430
 - IC 6-1.1-12-14, Veterans, \$143,160
 - IC 6-1.1-12-17.4, WW1, \$206,500
- IC6-1.1-12.1-15, eff. 7/1/07, for various types of abatement, establishes procedures for the auditor to correct an understatement of an assessed value deduction that results from an error by the taxpayer by the application of a separate deduction after the regular abatement schedule expires;
- IC 6-1.1-12.4-14, eff. 7/1/07, procedures for correcting an erroneous investment deduction amount (see above);



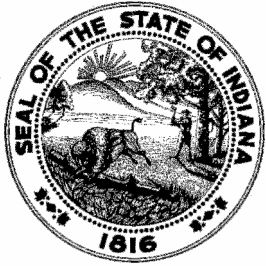
SEA287

- IC 6-1.1-17-5, eff. 7/1/07, allows political subdivisions to adopt budgets, rates and levies not later than September 30;
- IC 6-1.1-18-12, eff. 7/1/07, requires the DLGF to adjust rate caps for annual adjustments;
- IC 6-1.1-18-13, eff. 1/1/07, requires DLGF to adjust school capital project fund for annual adjustments;



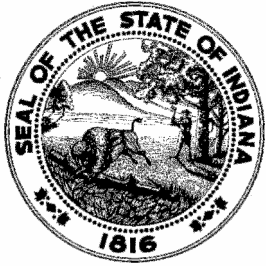
SEA287

- IC 6-1.1-18.5-4.5, eff. 1/1/08, requires the DLGF to adjust levies of each county and township to reflect the transfer of assessment duties;
- IC 6-1.1-18.5-9.8, eff. 1/1/07, requires DLGF to adjust rate caps for annual adjustments;
- IC 6-1.1-18.5-12, eff. 7/1/07, units can only file a shortfall appeal on or before December 31 of the calendar year immediately preceding the ensuing calendar year. (Was March 1 of the ensuing calendar year);



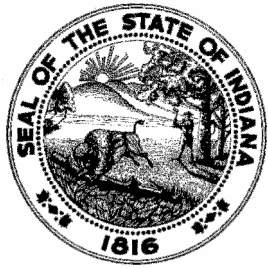
SEA287

- IC 6-1.1-18.5-17, eff. 1/1/08, allows a civil taxing unit to use levy excess funds in lieu of a property tax shortfall appeal;
- IC 6-1.1-20-3.1. eff upon passage, allows registered voters to participate in the petition and remonstrance process;



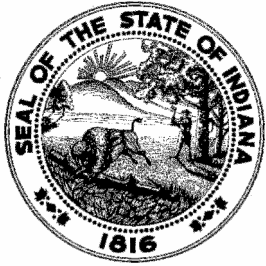
SEA287

- IC 6-1.1-22-9, eff. 1/1/08, for counties where Form 11 notices are sent after March 26 of succeeding calendar year, property taxes that would be due on May 10 are instead due on (a) May 10 or (b) 45 days after notices are given to taxpayers, whichever is later. Fall installments may be pushed back by a county treasurer as well;
- For 2006 only, allows a taxpayer to appeal assessment by filing a request for a preliminary conference with the county or township assessor by (a) July 1, 2007; or (b) 45 days after the tax bill or provisional bill for pay 06, whichever is later.



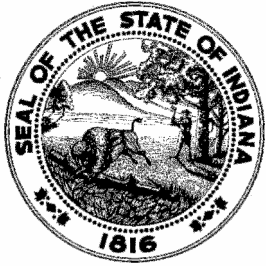
SEA287

- IC 6-1.1-30-14, eff. 7/1/07, for assessment dates after 12/31/08, requires the DLGF to conduct all ratio studies for equalizations and annual adjustments.
- IC 6-1.1-35.5-1, eff. 7/1/07, requires DLGF to administer a program for Level III assessor-appraiser certification and design a curriculum with tested course hours that requires superior knowledge/administration of property tax concepts. DLGF may adopt a rule to carry this out.



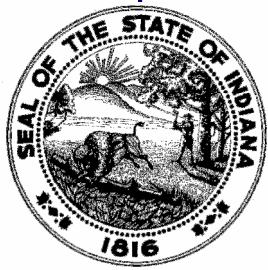
SEA287

- IC 6-1.1-37-10, eff. 1/1/08, 5% penalty for installments paid w/in 30 days of deadline and there is no liability for delinquent property taxes first due and payable in a previous installment for real or personal property.
- IC 36-6-8-6, eff. 7/1/07, states a twp. assessor who becomes Level II or Level III certified is entitled to receive annually \$1,000 which is in addition to and not part of the annual salary. Level II or Level III deputy receives \$500.
 - This applies regardless of whether it was received while in office or while an employee of the township assessor or before assuming office or beginning employment with the township assessor.



HEA1478

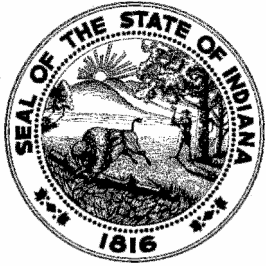
- IC 6-1.1-18.5-11, eff. 7/1/07, abolishes the local government tax control board as of 12/31/08;
- IC 6-1.1-18.5, eff. 7/1/07, after 12/31/08 eliminates local government appeals, except for shortfall, math/advertising or error in data , three-year growth factor, and a unit that is unable to carry out its duties;
- IC 6-1.1-18.5-15, eff. 7/1/07, requires the capital projects and tax review board to recommend appeal action to the DLGF;



HEA1478

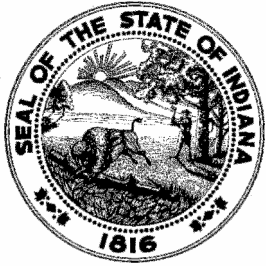
- IC 6-1.1-12-37 amends the homestead deduction amount to the following:

2007 pay 2008 taxes	\$45,000
2008 pay 2009 taxes	\$44,000
2009 pay 2010 taxes	\$43,000
2010 pay 2011 taxes	\$42,000
2011 pay 2012 taxes	\$41,000
2012 pay 2013 taxes	\$40,000



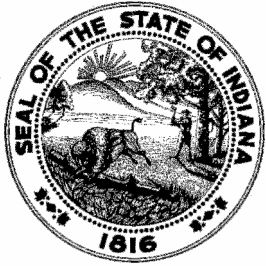
HEA1478- County Bd. Of Tax & Capital Projects Review

- IC 6-1.1-29-1.5, eff. 7/1/07, Beginning in 2009, establishes a county board of tax and capital projects review in each county
 - Review that can approve or reject any civil or school project over \$7m
 - If the project is rejected, the executive of the civil unit or school can initiate a petition/remonstrance process to override the rejection.
 - Board will include representatives from county and city governments, schools, the county auditor and two citizens elected by voters.



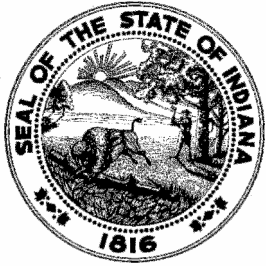
HEA1478- County Bd. Of Tax & Capital Projects Review

- Units must submit budgets, rates and levies to the board for review;
- Units must file appeals with DLGF for forwarding to the board for recommendation;
- Board sets levies for new units of government;
- The board replaces county tax adjustment boards; and
- IC 6-1.1-29-9, eff. 7/1/07, allows the county council to adopt an ordinance before July 2 of any year to not allow a county board of tax and capital projects review to review budgets, rates and levies.



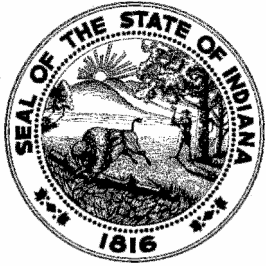
HEA1478- Capital Projects Plan

- IC 6-1.1-29.5, eff. 7/1/07, fiscal bodies must adopt a plan after January 1 and Before October 1, 2009 and every two years after.
- DLGF adopts rules concerning the plan
 - Cross-county units must submit the plan to each county; and
- Board has 60 days after receipt of plan to issue a written report
 - If report denies an element of the plan, a unit can respond and incorporate the element in the plan;



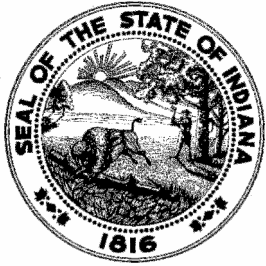
HEA1478- Capital Projects Plan

- The plan:
 - General description of the unit;
 - Description and use of facilities owned;
 - Location and general description of each proposed project and the intended use of each project;
 - Estimates total cost of each project;
 - Identification of all sources of funds expected to be used for each capital project;
 - Planning, development and construction schedule of each project; and
 - Any other information required by the DLGF.



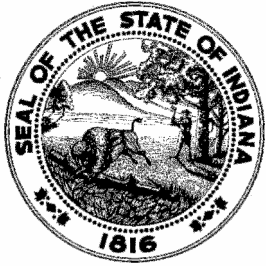
HEA1478- Circuit Breaker

- Homesteads are capped at 2% indefinitely beginning in 2008;
- All property, except homesteads, are capped at 3% in 2010;
- School general fund levies apply for purposes of calculating the 2 or 3% cap, but the actual credit is not reduced by the net school general fund portion so schools do not lose general operating funds;



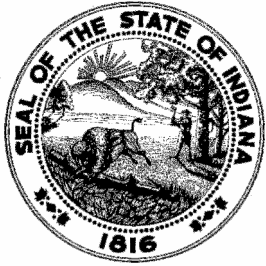
HEA1478- Circuit Breaker Board

- IC 6-1.1-20.3, eff. 7/1/07, creates a provision to allow political subdivisions that would lose more than 2% of their tax collections to appeal for relief.
 - Board composition- Head of: OMB, DLGF, DOR, SBOA, (or their designee) and three appointees by the governor- IACT, AIC and IASS.
 - DLGF administers the board;



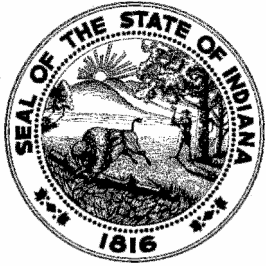
HEA1478- Circuit Breaker Board

- For taxes due and payable in 2008 and thereafter, the fiscal body of a county containing a distressed political subdivision (or the fiscal bodies of 2 or more distressed political subdivisions) may petition the board for relief;
- Petition includes proposed financial plan, comparison to other units, revenue and expenditure data and any other factor needed by the board.



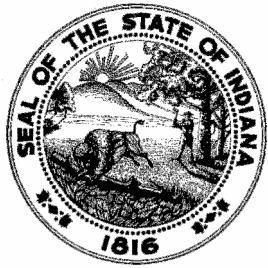
HEA1478- Circuit Breaker Board

- Relief
 - Increase uniformly the percentage threshold (as % of gross assessed value) at which the credit applies to a person's tax liability; or
 - Provide for a uniform % reduction to credits otherwise provided
- If granted, board shall conduct audits and reviews to determine whether the political subdivision abided by the agreement.



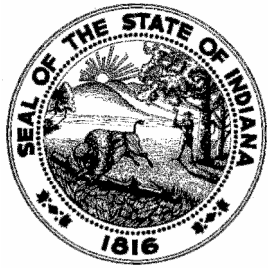
HEA1478- Local Option Income Taxes

- Adoption period is after March 31 and before August 1
- Effective date is October 1
- Three types:
 - Operating
 - Public Safety
 - Property tax relief - property tax replacement credits/homestead credits
- IC 6-3.5-1.1 CAGIT or IC 6-3.5-6 COIT
- IC 6-3.5-5-17, DOR certifies revenue information to the county auditor and DLGF not later than September 1 of a year for the three LOIT types.



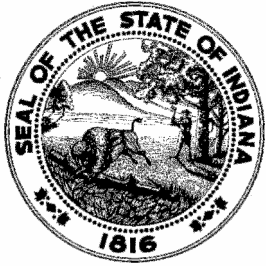
HEA1478- Local Option Income Taxes

- LOIT Property Tax Relief
 - Additional PTRC/homestead credits
 - May be adopted by all counties without adoption of another new LOIT
- LOIT Operating
 - Growth in all county operating levies
 - May be adopted by all counties
- LOIT Public Safety
 - Can only be adopted if a county has adopted the LOIT Property Tax Relief & LOIT Operating
 - Exception is Marion County, which only has to adopt LOIT Operating



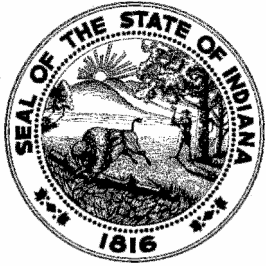
HEA1478- LOIT for Property Tax Relief

- Rate may be imposed in increments of 0.05% up to 1% as determined by the council.
- Used in three ways:
 - As property tax replacement credits at a uniform rate throughout the county;
 - To provide local PTRC at a uniform rate on all qualified residential property in the county; or
 - To uniformly increase the homestead credit % in each county on qualified residential property
 - Homestead applies to net property taxes due on a homestead, after the application of all other assessed value deductions or property tax deductions or credits that apply to the amount owed;



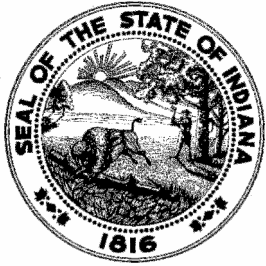
HEA1478- LOIT for Property Tax Relief

- Tax revenue treated as a part of the receiving unit's property tax levy for purposes of fixing the unit's budget and for determining the distribution of taxes that are distributed based on property tax levies; and
- Rate can be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner as imposing or increasing the rate.



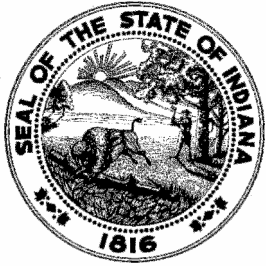
HEA1478- LOIT Operating

- The rate is limited to 1% ;
- Rate certified by DLGF to the County Auditor by July 1;
- Rate imposed for 2 years
 - First year, collect 2x needed funds for the County Stabilization Fund maintained for all units by the county auditor;
- Cannot decrease or rescind a rate imposed for this purpose.



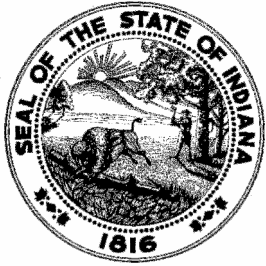
HEA1478- LOIT Public Safety

- The rate is limited to 0.25% by a county or municipality or in Marion County five tenths of one percent (0.5%)
- Revenue shared with Municipalities in the County
- Uses: EMS, probation department of a court, juvenile detention center or facility; county jail; communications system; medical/health expenses for jail inmates and other confined persons; pension payments, etc.
- Money deposited into a separate account for public safety purposes; and
- Rate may be imposed or rescinded at the same time and the same manner as imposing or increasing the rate.



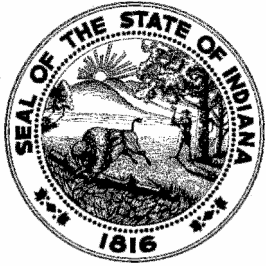
HEA1478- Levy Freeze Calculation

- DLGF and DOR jointly calculate, before July 1 of each year, the CAGIT or COIT rate imposed to raise income tax revenue
 - Requires looking at the operating, Family and Children, Children's Psychiatric Res. Treatment Services Fund and Mental Health levies;
 - Requires DLGF to round the rate up to the nearest $1/10^{\text{th}}$ of 1% (0.1%)



SEA416-Property Tax Deductions

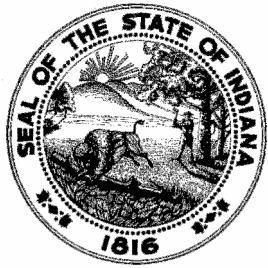
- **SEA416-2007 amends the various property tax deduction statutes to read that the filing deadline for real property is the twelve months before June 11 and for a mobile home or manufactured home not assessed as real property, the filing deadline is the twelve months before March 31. The following statutes are affected by this change:**
 - **IC 6-1.1-12-2, mortgage deduction;**
 - **IC 6-1.1-12-10.1, Over 65 deduction;**
 - **IC 6-1.1-12-12, blind deduction;**
 - **IC 6-1.1-12-15, disabled deduction;**
 - **IC 6-1.1-12-17, surviving spouse of a veteran's deduction;**



SEA416- Property Tax Deductions

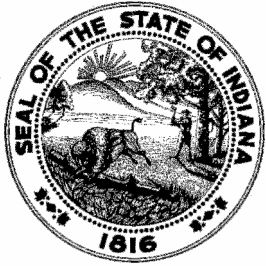
■ Others include:

- IC 6-1.1-12-17.5, veteran's deduction;
- IC 6-1.1-12-27, solar energy or heating system deduction;
- IC 6-1.1-12-30, wind power device deduction;
- IC 6-1.1-12-35.5, for those under IC 6-1.1-12-31 (coal conversion); IC 6-1.1-12-33 (hydroelectric); IC 6-1.1-12-34 (geothermal); and
- IC 6-1.1-20.9-3, homestead standard deduction.



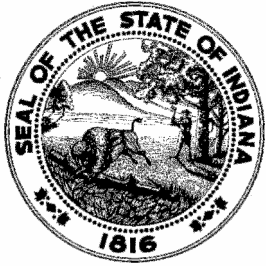
SEA416

- Non-code provision has special procedures for filing and review of coal conversion system deduction, hydroelectric power deduction, geothermal deduction and coal combustion deduction for the period between 1/1/07 and 6/30/07.



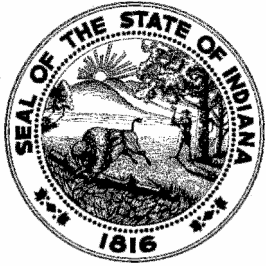
HEA1508

- Amends IC 6-1.1-12-7.8, eff. 7/1/07, to state a trust is not required to file a statement to apply for the deduction on real property owned by the trust and occupied by an individual, in accordance with IC 6-1.1-12-17.9, if the individual who occupies the property receives one of the deductions and the trust remains eligible for the deduction in the following year.



HEA1508

- Amends IC 6-1.1-12 to allow trusts to be entitled to an over 65, blind/disabled or veterans property deduction for real property it owns, provided the property is occupied by an individual and the county auditor determines that the individual has a beneficial interest in the trust; otherwise qualifies for the deduction(s) and would be considered the owner of the property under IC 6-1.1-1-9(f).

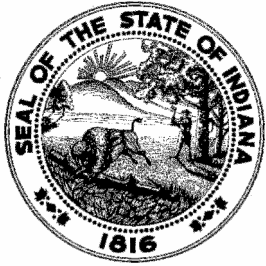


HEA1767

IC 6-1.1-10-16, eff. upon passage

Changes qualifications for exemption of vacant land intended to be developed into an exempt structure. Changes requirement of “substantial progress” toward erecting a building by extending the time from 3 to 4 years.

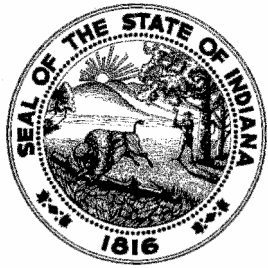
Adds a provision to recapture lost property taxes if the owner sells or transfers. Recaptured taxes are calculated from “January 1 of the 4th year of the sale, lease or transfer.”



HEA1767

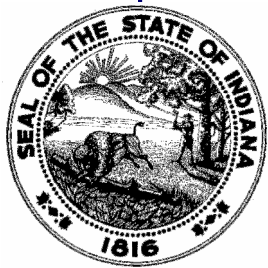
IC 6-1.1-18.5-13, eff. 7/1/07, changes the calculation of assessed value growth on three year growth factor appeals to allow neutralization of annual adjustments.

Non-code provisions related to granting retroactive exemptions in Vermillion County.



HEA1767

Non-code provision- allows amended personal property returns for years 02, 03 and 04 to be filed between 12/31/06 and 3/31/07 to be treated as timely. Allows taxpayer filing such returns to be entitled to exemptions. Specifies penalties and interest do not apply and the taxpayer is not entitled to a refund.



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